

Output Based Emission Limitations Proposal

Submitted by Mark Buzel, Environmental Permitting and Compliance Manager, New York State Electric and Gas

For February 3-4 Workgroup Meeting (paper will not be discussed at this meeting)

January 11, 1999

Margaret Sheppard
US EPA
6204J
401 M Street, SW
Washington, DC 20460

Subject: Output Based Emission Limitations Proposal

Dear Ms. Sheppard:

As I discussed on the December 17, 1998 conference call, I propose that if output is used as the basis for establishing emission limitations, then the implementing agency (EPA or the State) should have the latitude to establish different limitations based on the location of a source in relation to the area of nonattainment. Specifically, sources within an area of nonattainment should have more restrictive output based limitations than sources in upwind attainment areas whose emissions contribute to the nonattainment problem by transport, but are much less causative of the problem than are emissions within the actual nonattainment area

. The output based approach to allocating emission reduction responsibilities to electric generating units could have adverse environmental consequences and would result in significant inequities in the imposition of pollution control costs in New York State. A single output based standard would place the lion's share of emission reduction responsibilities on coal fired power plants, with significantly less reduction burden placed on gas or oil fired plants. In New York State, the preponderance of coal fired generation is located in the upstate "Outer Zone" which is in attainment with the ozone standard, with the preponderance of gas and oil fired generation concentrated in the Metropolitan New York - Long Island nonattainment "Inner Zone". As shown by Ozone Transport Assessment Group's (OTAG's) evaluations, while emission reductions from upwind sources are needed to help nonattainment areas reduce ozone levels, of greater effectiveness are NOx reductions within the area of nonattainment itself. Therefore, a consequence of a single output based limitation in New York State would be to impose minimal emission reduction requirements on sources within the Metropolitan New York - Long Island area where reductions would be most effective towards reducing ozone levels, while imposing much more significant reduction obligations on sources upstate, where reductions would be less effective in solving the problem.

NYSEG had evaluated the consequence of a single output based standard for implementing the NO_x emission reductions in New York State called for in EPA's October 10, 1997 Proposed Rule for Reducing Regional Transport of Ground-Level Ozone (Smog), discussed the results at EPA's November 5, 1997 NO_x Trading Rule Workshop, and included the results in its comments to EPA on the Emission Limitations Draft Working Paper. The attached graph and table are taken from this evaluation, and illustrate the consequence of a single output standard in New York State-- that electric generating facilities downstate in the area of nonattainment would be responsible for only 1/2 of the NO_x reductions that would be required from generators upstate. While downstate sources would be required to reduce emissions by 16%, upstate sources would be responsible for a 37% reduction. This is clearly contrary to the goal of attaining the ozone standard. It is also clearly inequitable to place the majority of the enormous financial burden of NO_x reductions on the sources in the state which contribute least to the creation of the ozone problem.

A solution to the above problem would be to allow a state to allocate its NO_x budget through the establishment of two output based limitations - one for upwind areas whose emissions contribute to downwind problems via transport, and a more restrictive limit for sources within the actual nonattainment area whose emissions are much more causative of the nonattainment problem. The consequence would be that the state would allocate its budget in a manner consistent with the finding from OTAG that while upwind sources contribute to downwind problems and need to be controlled, sources within the area of nonattainment are more directly causative of nonattainment problems, and emission reductions from these sources are more effective in reducing elevated ozone levels.

Thank you for the opportunity to participate in the output based limitations evaluation process . If you have any question on these comments please call me at 607/762-8887.

Sincerely,

Mark L. Buzel, Manager
Environmental Permitting and

Compliance

cc: Robert G. Sliwinski, NYSDEC

(output comment)